Supreme Court of the United States.

OCTOBER TERM, 1947.

No. 515.

JOHN D. PEDERSEN,
Petitioner,
v.
THE UNITED STATES,
Defendant.

PETITIONER'S REPLY BRIEF ON PETITION FOR WRIT OF CERTIORARI TO THE COURT OF CLAIMS.

The Government's Brief in Opposition to the petition misstates petitioner's claims in several important respects. An opportunity to reply briefly is respectfully requested.

On page 2, the question presented by the Contract Suit is incorrectly and unfairly stated. We submit it is correctly and fairly stated thus:

1. Whether the contract obligates the United States to pay petitioner the agreed royalties for the manufacture of a semi-automatic rifle incorporating inventions and improvements disclosed and contributed by the petitioner, which the United States admittedly has used to its great advantage in a rifle differing from petitioner's rifle only in substituting a well-known, and fully equivalent, gas-operated breech mechanism in place of petitioner's recoil-operated breech mechanism?

Reply to Argument—Pages 15-18.

There is no requirement in the Contracts that petitioner's inventions and developments, which the United States was licensed to use, must subsequently be sustained as "*valid inventions*" before the United States is obligated to pay the agreed royalty, and no provision that a decision of any court holding petitioner's patents *invalid* would relieve the United States of its obligation under the Contracts. Yet the Court of Claims and the Government's Brief so interpret the Contracts. The petitioner asserts that the Contracts cannot be so interpreted, and that the United States is obligated under the Contracts to pay the agreed royalty for petitioner's improvements used by the United States, regardless of the holding by the Court of Claims that the patented improvements are not "valid inventions." *Indeed, it is settled law that the United States, like any other licensee, is estopped to deny the validity of any patents under which it is licensed.*

See *United States* v. *Harvey Steel Co.*, 196 U.S. 310 (1904).

The Ordnance Department did not have to use the petitioner's improvements embodied in his rifle—the double row en-bloc clip, the magazine control system and shifting follower. It used them only because its tests had established that these improvements were essential to the increased fire power the Ordnance Department was seeking in a semi-automatic rifle. It was optional whether the rifle in which they were used have a *recoil-operated,* or a *gas-operated* breech mechanism. The Ordnance Department subsequently chose the gas-operated breech mechanism. But, using the very features essential to the success of the rifle which petitioner contributed, it is utterly unconscionable, and grievously misconstrues the Con-

tracts for the Court of Claims to avoid the obligation to pay the agreed compensation, by the device of holding the patents invalid for lack of invention, despite the overwhelming evidence to the contrary.

The findings of invalidity of the patents in the patent infringement suit are not sustained by the evidence. They are based on old hand-operated rifles and on the failures of the past. They ignored petitioner's uncontradicted evidence of invention, namely, the Ordnance Department's failure to produce a satisfactory semi-automatic rifle notwithstanding twenty years of constant effort, and the immediate adoption of petitioner's mechanisms when the tests showed that the problem had been successfully solved for the first time.

But the findings of invalidity of the patents in suit do not discharge the Government's obligation to pay the petitioners reasonable compensation for the use of petitioner's improvements, after June 30, 1939, the date of cancellation of the license contract in suit. *The obligation, based on implied contract, still remains.* But the Court of Claims has denied petitioner even this remedy by denying a motion to file an amended complaint based on *implied contract.*

The result is that the United States, by the contracts in suit, induced the petitioner to devote his great skill and experience to devising a semi-automatic rifle, on the promise that, if the Government used the improvements, the Government would pay an agreed royalty of $1.25 per gun up to 400,000 guns for an exclusive license to manufacture, use and sell *"arms incorporating the inventions and developments disclosed under this contract or any patented improvements thereon subsequently granted said contractor."* The petitioner fully performed his part of the undertaking. The Government has used petitioner's inventions and improvements to its enormous benefit, but has

failed to pay the agreed compensation. By so doing the Government has taken the petitioner's "*private property for public use, without just compensation,*" in violation of its own solemn contract, and in plain and clear violation of the Fifth Amendment to the Constitution. But Constitutional guarantees of the citizen's rights against his Government, as expressed in the Bill of Rights, are worthless and empty words, unless the Courts will protect and enforce them.

We respectfully submit that the petition for the writ of certiorari to the Court of Claims in these cases, *John D. Pedersen* v. *United States,* Nos. 45196 and 45182, should be granted.

Respectfully submitted,
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